181 share of upheavals and yet no one has ever evaluated scientifically the total impact of the complex social, political and economic changes of the last 100 years upon the Hungarians.

178 The material factors of civilization have obviously changed within this period and continue to change in front of our eyes. Even a partial industrialization was a relatively late phenomenon in Hungary. The country was the granary of the Austro-Hungarian Empire for centuries, and not before the second half of the nineteenth century can we consider industry in Hungary in the modern sense. After World War I, dismembered Hungary fell back on an almost entirely agricultural economy. Public efforts to adapt the country's economy to the changed geographic conditions were undertaken, aiming at the establishment of new types of industry corresponding to the new conditions. Mechanization of agriculture was still in a rudimentary state. After World War II, the official economic emphasis in the country fell upon the development of heavy industry and the collectivization and mechanization of agriculture, [369] as taught by Lenin and Stalin. Meanwhile, technological progress has not only attracted peasants to the cities but, with the new media of mass communication, it brought forth the village from its secular isolation and began to spread elements of urban culture among the peasants. During the same period, the boundaries of the state, overlooking minor readjustments of the

178 borderline, changed at least four times; two world wars were fought in the country and masses of refugees were displaced; two revolutions shook the society; and three foreign occupations occurred -- the last one still in force. Such changes could generate nothing but instability of the population.

181 The culture of Hungary today seems to be no longer of a purely agricultural but rather of a mixed type of economy in which agriculture is still predominant. It is an intention of the present regime to swing the emphasis from agriculture to industry, but the success of this endeavor depends a great deal on how much economic co-operation the Hungarian regime will receive from the countries it now depends upon from the point of view of raw materials, especially the Soviet Union.

565 181 Peasant society, like the rest of the population, is unstable. The motives dominating the Magyar peasant are complex and it is difficult to affirm that any of them clearly dominates the other. The economic motives are strong and an important cause of social unrest roots still in the fact that the poor peasants, of whom many work in the kolkhozy, cannot be assured of even a passable living standard in spite of certain relatively small financial favors the regime extends to them, while utterly exploiting the richer peasants. Most scholars interested in Magyar culture agree, however, that economic motives do not suffice to explain the Magyar peasantry, which,

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562 Among the many children's games, the girls prefer group games, singing and dancing. They also play with dolls. Boys often play alone with crude toys such as corncobs or plants which imitate weapons or agricultural implements.

178 There is little to say about how certain customs might influence, favorably or unfavorably, the Magyars' acceptance of Western techniques. An industrial revolution imposed by the Communists is now taking place in the country, transforming ancient methods of production, mechanizing agriculture and making the population increasingly aware of the importance of industrialization for the entire national economy. What the Hungarians may have to learn in the future are not the techniques themselves, but the ways of infusing these techniques with the spirit of free enterprise and democratic co-operation.

The problem of acceptance and assimilation of western political ideas is a more complex one and should be dealt with by historians and political analyists rather than by ethnographers. From the point of view of the folklorist, however, one could venture to say that the attitude of the Magyars toward social problems--as vaguely perceptible in the folk tales--is a patriarchally democratic

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Annex "A," Subparagraph 3b, Economic Background

INDUSTRIAL POTENTIAL: CRAFTS

As a result of the industrialization of Hungary, the production of non-agricultural goods gradually slipped out of the hands of the Magyar peasants to be manufactured in the industrial centers of the country. Only a few branches of the formerly varied and prosperous domestic industry have survived this progress. Certain products (e.g. wooden canteens, leather, clothing and candles) ceased to be in demand while some crafts, e.g. the manufacture of wood products; gave up trying to compete with the low cost of industrial production. 178 438

Thus, certain previously flourishing crafts have completely disappeared, among them: soap boiling, honeybread making, candle dipping, the production of leather goods, felt and broadcloth, and finally, horn and bone work. Others, such as wood working, are now on the verge of being discontinued among the rural population. Not too long ago it was the village wheelwright and joiner who satisfied with his skill the local demand for carts, furniture, etc. Nowadays, only the occasional herdsman, who seem always to have been skillful wood carvers, continue to turn out small household utensils, primitive tools and souvenirs. A feature still common to the Magyar peasant courtyard is the faragószín ('wood cutting arbour') which now,

438 however, accommodates a number of different activities.

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In varying degrees, only three important branches of the home industry seem still to be alive: rushwork, spinning and weaving, and pottery making.

285 Native bulrush and reed furnish the material for the countrywide rushcraft. This work is performed by the men, who, with diversified techniques of plaiting and weaving, produce rush baskets and mats for various purposes. Ductile twigs and rods of willow, birch and hazel may also be used, especially for bigger orders, such as fencing.

286 Early in this century it was anticipated that competition from the textile industries would destroy the native craft of spinning and weaving. Nevertheless, the shortage in labor and raw materials brought about by the two world wars and the present scarcity of manufactured goods have served [462] to prolong the life of this craft. Spinning and weaving have long been an exclusively female occupation. The usual steps are followed by the women in the processing of hemp and flax (rarely nettle): gathering, steeping, rinsing, drying, dressing and combing, followed by spinning on a distaff (guzsaly) or on a spinning wheel (rokka). The thread is further processed before being woven on the loom. Implements used in this home industry, the distaffs, spinning wheels, looms and swingles, are often hand-made.

∞ The rich abundance of potter's clay throughout the Danubean basin,

6: Shuster S-4 (no date) 1954 El Europe
Hungary EC1

inal assumption—namely, that every Christian will realize 000
that Stalinism is incompatible with Christianity—to be false. At any rate, in a private letter to Bereczky dated September 16, 1951, he wrote, "It seems to me that you are on the way toward making your affirmation of Communism a part of the Christian message." This would, of course, be the same error of which the German Christian Movement had been guilty under Hitler.

At any rate, the Protestant Churches in their turn were 659
compelled to negotiate an agreement with the government, 793
accepting the whole of the Communist program dealing with 661
finances, education, and the appointment of clergymen and other Church dignitaries. When Bishop Ravasz resigned in protest, the Calvinist Synod attempted to elect a worthy man to be his successor. The government refused to endorse the choice, and finally succeeded in gaining acceptance for Pastor Roland Kiss, well known as friendly to the Communist position. Only a few indications of the extent to which infamy and outrage prevailed thereafter can be adduced here. The grossest kind of interference in the work of the pastorate was resorted to, so that in the end notorious and criminal Communists were installed in ecclesiastical offices, while worthy churchmen were dismissed, deported, and imprisoned. Only eight Church schools survived the drive for the nationalization of education. Relief and welfare organizations were forbidden; and the press was reduced to impotence by censorship and suppression. Toward the close of 1951, two theological seminaries were closed. Even more dire, if that be possible, was the fate of the small Lutheran minority. Its leaders were hounded, ousted from office and imprisoned.

By the close of 1951, civil and religious liberties were ex- 178 ●
tinguished in Hungary to an extent which the Cardinal himself 661
could hardly have foreseen. Virtually everyone who had oc-

6: Shuster S-4 (no date) 1954 El Europe
Hungary EC1

178 661 cupied a position of trust or responsibility in the country prior to 1945 was now impoverished and ostracized. The number of distinguished exiles was legion. Economic conditions had deteriorated so completely that even food, product of the rich plains, was lacking. Tens of thousands who could find no employment in the industries which were being created by fiat, by reason of age or of earlier religious and political affiliations, were marked for deportation. These wholesale shipments of human cattle aroused the indignation of the outside world. Lord Vansittart reported to the House of Lords that 100,000 persons had been earmarked for slave-labor camps. For a time this ghastly business was halted; but seemingly reliable information indicates that the shipments were resumed during 1952.

626 461 186 As elsewhere in the Russian orbit, the emphasis was on production and organization for war. Russian military and economic officials virtually took over the country. Criticism of the workers and particularly youth was everywhere part of the order of the day. Young Hungarians, the government declared again and again, had been inoculated with the diseases of pacifism and pro-Imperialism. Even the official Youth Organization, DISZ, was accused of "cosmopolitanism" and "adoration of the Anglo-American imperialist monster." On June 28, 1952, Matron Horváth, speaking for the Communist Party, reemphasized the need for continued intensive opposition to "clerical reaction." He expressed shocked surprise that some members of the Party still participated in religious functions and, indeed, permitted the Church to influence their children.

668 This would be as pertinent a note as any on which to end our account of the Hungarian tragedy were it not for the breath-taking events which have followed the death of Stalin. Years of draining away the substance of the people and of

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

CHAPTER V

POLITICAL AND RELIGIOUS INSTITUTIONS[1]

The political structure and institutions of Hungary are in many respects very like those of Great Britain—a fact which Hungarians are rather fond of emphasizing. They like to recall that their Parliament is practically as old as ours, and that the 'Golden Bull', which thereafter formed the great charter of liberties of the nobles, is only a few years later than our own Magna Carta. The Parliament buildings in Budapest were built in conscious imitation of those in Westminster, and like them, stand on the river bank.

There are, of course, many differences also, both in the institutions themselves and still more, in the spirit in which they are worked. It must never be forgotten that a large part of Hungary was for 200 years under Turkish rule, which meant that it was simply reduced to a desert. During this time, most of the rest of the country, and the whole of it for another 200 years afterwards, was ruled by the Austrian Emperors, who were foreigners and often at loggerheads with the Magyars. The country has also had to suffer many wars and invasions, which prevented conditions from becoming settled or trade and industry from developing. The great Industrial Revolution, which

[1] As they existed up to the time when the tide of war swept over Hungary in 1944.

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

178 altered the whole face of England, never came to Hungary at all until quite recently, and then it was on a much smaller scale than ours, since Hungary had neither the coalfields nor the shipping on which the English factories flourished. Thus Hungary is in many respects much more like England as it was a century or 150 years ago than England as it is to-day. It has, indeed, been changing very fast in the last generation, especially during the present war, but the very rapidity of the changes has left it with many very difficult and unsolved social problems.

642 **CONSTITUTIONAL MONARCHY.** Hungary is a constitutional monarchy, which in normal times possesses a king, a parliament and an extensive system of local government. The Crown is, as it were, in suspense at the present moment.

643 The last King of Hungary, Charles V, who was crowned in 1916, left the country in 1918 and, after two unsuccessful attempts to return to it, died in 1922. His eldest son, Otto, never entered Hungary. Hungarian constitutional tradition does not recognize the king as in full possession of his rights until the venerated Holy Crown has been placed on his brow. Moreover, the confused happenings which followed the last war enabled a party in the country to argue that the old agreement, under which the succession to the Crown belonged to the Habsburg family, had lapsed. Finally, both the Allied and Associated Powers and Hungary's neighbours insisted that they could not allow a Habsburg on the throne. Pending a settlement of the question, Admiral Horthy was elected Regent

Hungary EC1

clique, machine, or group. In Czechoslovakia we saw that the Communists destroyed a cohesive officer corps with common experiences in World War I, common training shortly thereafter, and loyalty to a common leader, Benes. In Poland likewise we saw that they quickly eliminated a tightly-knit group of Pilsudskians. In Hungary the picture is even clearer because they destroyed not only a tightly-knit and cohesive old officer corps, but also a new communist officer group which threatened to emerge with loyalties and private relations of its own. The corps of regular officers in the Hungarian Army did indeed have considerable elements of cohesion. These arose not primarily from common social origins but rather from common training and experience.

Before 1918 a military career carried considerable prestige in Hungary though not as much as in Germanic lands. It was not ordinarily the career choice for aristocrats' sons, except for a few crack regiments. Nor was the officers' uniform a mystical object as in Prussia. Yet the prestige of the officer was high and the gentry was well represented in the officer corps. The gentry was a class ranking just below the aristocrats, but (regardless of wealth) above business men and professionals.

After 1918 the prestige of a military career declined for the opportunities were limited. Pay was poor. The army was reduced in size. The crack regiments were abolished. The proportion of non-gentry officers therefore rose and a large sector of the officer corps came to consist of members of national minorities such as Austrians and Czechs.

All in all the Hungarian Army of 1939 was led by an officer corps in which an overwhelming majority came from the wide range of the lower and upper-middle classes including the lesser gentry. Top aristocrats were scarce in the army but so were sons of proletarians. There was thus no sharply defined military caste comparable to that in Prussia and to some extent in Poland. It is true indeed that there was a tradition that at least one son should follow his father's example in choosing a military career, but other factors contributed to democratization. In the early 1920's there was a brief period in which sons of non-commissioned officers of the regular army, who were themselves predominantly of peasant stock, were strongly encouraged to attend cadet schools or military academies. Another wave of such democratization was a corollary of Gömbös' premiership since Gömbös was himself the son of a village teacher.

While the base of recruitment was thus broad, the process of selection created a rather tightly-knit officer corps. With hardly any exceptions, senior officers were graduates of cadet schools or military academies. It was possible for inductees to attend officer candidate schools and qualify for regular army careers after post-commission courses, but very few of this category ever rose to senior rank.

customs, it is worth our while to get acquainted with its 883
inner life. This custom, like so many others, is kept alive by the opportunity it provides for youth to meet, for romance and playing with the fire, for the meeting of man and maid. It means play amidst work and work amidst play: its frame is work, its essence, play. This is best proved by the fact that in many parts of the country the spinnery as well as the carnival festivities only last until Shrove Tuesday. It is certain that the finest threads have never been spun in the spinnery. Though frothy linen can not be woven from the yarn twisted in the spinnery, those yarns can be used for something else:

> The maid is learning how to spin,
> That wedded she shall know a thing,
> She has spun some clues, exactly nine;
> She has thrown her distaff o'er her head,
> Her thread is not the best of threads:
> It will be woven into a clothes-line.

And when there is a chance of dancing in the spinnery, the youths take the words from the girls mouths when they shout:

> ... spindle, distaff, reel,
> I wish you all to hell!

It was this side of the spinnery's double nature which 178
for centuries incited the authorities to fight against it. 883
But the spinnery, like all ancient customs, has defended itself valiantly against all attacks, and its total destruction has not been achieved to this very day. It has only disappeared without leaving a trace in the districts where factory industries have successfully extirpated the whole art of spinning and weaving. An example of a large area in which the spinneries have completely disappeared is the Great Hungarian Plain, where the material advancement of the people soonest enabled them to buy linen and cloth for money and throw away their traditional tools.

11: Karolyi E-4, 5 (no date) 1931? EC1 Hungary EC1

186 The prosperous and peaceful decades which followed
178 the Compromise,[1] and which came to an end only in the disaster of the World War, brought with them the gradual decline of the national spirit, a reaction in which much of the native originality in Hungarian folk-lore, folk-art, and folk-costumes was tarnished and often altogether lost. The magnates and gentry gave up their grudge against Austria; an emancipated citizenry of tradesmen and artisans was born which gained in importance rapidly, and whose plain attire and quiet colourless life became a triumph of unimaginative uniformity. In such circumstances the peasantry lost its bearings; seeing their landlords discard the venerated Hungarian gala, the peasants began to feel uneasy before the urban masses, which in number and importance gradually supplanted the impoverished gentry, and whose plain, business-like garments contrasted so strikingly with the peasants' picturesque, fanciful attire . . .

178 The transformations of the technical era and compulsory military service only hurried this development so damaging to Hungarian folk-lore. The young peasant folk were attracted in ever-growing numbers by the factory wages paid in ringing cash at the end of the working day, and many a proud plainsman's son failed to realize that he became and remained a day-labourer, his effaced existence dependent on the trend of business and subject to the whim of a foreman or of an inconsiderate employer. The false glamour and deceiving comforts of domestic service took an equally heavy toll. Then every year hundreds of thousands of lads under twenty-one were conscripted, and on their return, after an absence of three long, transforming years, they eyed the quaint ways of the village with a sort of surprised misgiving. The factories started pouring out their cheap,

[1] [The agreement between Austria and Hungary in 1867--Analyst]

11: Karolyi E-4, 5 (no date) 1931? EC1 Hungary EC1

mass-produced merchandise upon the countryside, and before long the existence of the village became transformed to its foundations. 178°

In 1914, against her own interests but living up faithfully to the terms of her Alliance, Hungary took part in the World War. After the disaster Hungary was mutilated to the extent of two-thirds of the national territory and lost as much of her population; revolutions ravaged the country already darkened with confusion and chaos. But there was one advantage hidden in these national disasters: they roused the country from its lethargy and brought about a renaissance of the national spirit, reviving its natural expressions, the extinction of which would have meant an irreparable loss to Hungary and to the world. 186

With the clearing up of the internal situation the spontaneous national reaction was immediate and universal, but at first unorganized and inarticulate. It is most fortunate that it found its natural expression in the form of the Pearly Bouquet, its leader in the incomparable Béla Paulini, and its understanding patron in the Administration and the public of the City of Budapest.

Today it may rightfully be said that the success of the Pearly Bouquet is a symbolic victory of the Hungarian folk-soul over technocracy, a victory of the understanding Hungarian peasant intelligence which realized that it is possible, useful, and enjoyable to profit by the advantages of our mechanical civilization and to remain at the same time one's own self true to the traditions of the Hungarian folk-soul. It is a most significant phenomen for which its creator Paulini coined the expressive phrase that "on weekdays they are for the West, and on their holidays for the East", with all the material and intellectual implications of the words.

THE OIL INDUSTRY IN THE HUNGARIAN ECONOMY

652 439 from Romania (1890-1916). These imports gradually declined in importance as Austrian (Galician) and, to a lesser degree, Hungarian, crude oil production developed.

135 654 Oil exploration until 1894 was on a small scale and was mainly of a local nature. Since no commercial deposits were discovered, from 1894 to 1907 the government granted small subsidies to encourage further exploration. In 1907 the government began to undertake its own exploration (geological surveying) and Section 6 of the Law of 1911 declared all natural hydrocarbons a state monopoly. Subsequently, numerous concessions were granted to Hungarian as well as foreign companies under this law.

Natural gas, which had found considerable industrial utilization by the end of World War I, was discovered in Transylvania in 1909.

178 727 On the over-all economic scene World War I brought about a great upswing in industrial activities and some controls. During the artificial boom created by the war all basic industries were expanded greatly.

728 654 The Treaty of Trianon, 1920, brought complete separation from Austria; it also brought the loss of more than two-thirds of Hungary's land area and some three-fifths of her population. The Dual Monarchy's tariff-free market of fifty million people was reduced to a market of little more than eight million. The lost territories included all the regions where oil and gas prospecting had taken place. Slovakia and Ruthenia in the north went to Czechoslovakia; Croatia, Bachka, and the Mura district in the south were incorporated into Yugoslavia; while Romania obtained Transylvania and adjacent areas in the east.

727 The dislocations caused by the war, by the ensuing disturbances, and by the enormous loss of territory brought the whole Hungarian economy to the verge of chaos.

652 [439] In 1924 the government adopted a policy of high tariff protection for industry by which Hungary, like her neighbors, aimed at self-sufficiency.

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neighbors, aimed at self-sufficiency. Industry was granted additional subsidies in the form of loans, cheap factory sites, and other measures. Together with low world market prices this policy was responsible for the depressed state of Hungarian agriculture from 1928 until about 1934, but all subsequent governments adhered to the industrialization program and frequently carried it further.

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The runaway inflation of the mid-twenties disrupted the country's finances, wiping out individual savings and ruining many companies.

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During the early twenties the Hungarian Oil Syndicate (an affiliate of the Anglo-Persian Oil Company) started explorations in western Hungary while the government carried out explorations east of the Danube. However, the Hungarian Oil Syndicate lost most of its exploration funds during the period of inflation and this coupled with unsuccessful drilling operations forced the company to abandon operations and pull out of Hungary. The government was also unsuccessful in this period, its only discovery that at Bükkszék, which resulted in the production of only 92,500 barrels over a thirteen-year period, much of it at an actual financial loss.

In 1933 the government granted a five-year concession for all areas west of the Danube to Eurogasco (an affiliate of the Standard Oil Company of New Jersey) in return for a pledge that $300,000 would be spent on prospecting and that at least eight wells would be drilled. Eurogasco's activities led to the discovery of the first commercial oil field in 1937 situated at Lispe, Zala County, near the old wells of the Mura district which were ceded to Yugoslavia in 1920. In 1940 a second field was developed nearby, at Lovászi. An eight-inch pipeline connecting the Zala fields with Budapest was completed in 1941. In that year Hungary reached self-sufficiency in oil production, and her 1943 output of 838,000 tons of crude contrasted with a (controlled) civilian consumption of only about 321,000 tons of refinery products (about 380,000 tons of crude equivalent). Table VI gives the civilian consumption for the years 1940-1943. More than half of the pro-

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1/ [Cf. page 88, category 116 -- Analyst]

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727 433 [434] only 186 were working at over 70 percent of prewar capacity, while 1,109, or over 25 percent, were completely out of operation. It is estimated that even in 1946/47 the national income was only 65 percent that of 1938 and less than 50 percent that of 1943, the peak war year. The Hungarian economy as a whole, and especially the industrial sector, heavily concentrated in Budapest, was among those most seriously damaged in Europe.

[458] The Soviet occupation, heavy reparations payments, general political uncertainty, and a runaway inflation in 1946 made the task of reconstruction even more difficult.

728 471 648 According to the Potsdam agreement all Axis property, even that which had been forcibly taken over by the Germans during the war was handed over to the Soviet Union. Subsequently, new Soviet-Hungarian companies began to mushroom in manufacturing as well as in transportation, and it was at this time that the Hungarian-Soviet Oil Company, Maszovol, was organized.

727 315 [471] While the Zala fields had escaped major war damage they suffered by the wasteful practices engaged in under pressure from German and later Soviet military authorities (see Table VII). ✱ After prolonged negotiations the MAORT properties (all areas west of the Danube) were returned to the American owners in 1946.

727 178 471 A land reform and the nationalization of industries "with monopolistic character" such as steel and coal were swiftly carried out after the war.

[565] Land reform, nationalization without compensation, and the inflation of 1946 largely destroyed the propertied classes, and in the chaotic conditions a downward leveling also affected the skilled workers.

[642] 727 185 [665] By mid-1947 the communists within the coalition government had virtually eliminated any possibility for non-communist government plans, and for all practical economic purposes the communists were in control. Dictated by the realities of the prevailing postwar conditions, certain

✱ [Cf. page 88, category 116 -- Analyst]

12: Free Europe Committee U-4 (no date) 1954 EC1 Hungary EC1

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By 1947 capacity recovered to approximately 830,000 tons (6,300,000 barrels) and it was somewhat optimistically given as 100,000 tons monthly or 1,200,000 tons (9,100,000 barrels) annually in early 1948.

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The relatively rapidly restored refining capacity, however, remained largely unused because of Hungary's inability to import Romanian crude, which went directly to the Soviet Union. Continued enforced crude exports from a diminishing domestic production further reduced the crude supplies available to the refineries. Consequently the refineries operated at only 30 to 50 percent of rated capacity in the 1946-1948 period.

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If we consider that scarce building material and skilled manpower were devoted to reconstruction of the refineries, which then were left largely unused, it becomes apparent that rather gross misplanning took place in this sector of the Hungarian economy. It is evident that the postwar planners greatly overestimated the prospective future domestic crude production and expected large additional crude imports, instead of which their Soviet economic superiors forced them to export crude.

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Despite its relatively large capacity, the Hungarian refining industry was technically outdated even before the war. The largest, newest, and most modern plants, mainly built within the framework of the Five-Year Plan of 1938, were the ones most thoroughly destroyed during the war. These plants and the more complicated parts of the older plants were the ones last rebuilt or not rebuilt at all. A close study of the refinery survey given above will reveal that as of the end of 1947 the Hungarian refining industry was still quite inferior from a technical point of view. With the exception of a small cracking unit at the Pét plant none of the installations were able to change the molecular composition of the hydrocarbons they processed. Nor were they able to produce the great variety of high grade petroleum products now manufactured in the United States or Western Europe. In fact, they were limited to simple fractional distillation and little else.

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Knowledge of the last three years' developments is admittedly insufficient. However, from scattered official pronouncements and a large number of private reports (the accuracy and reliability of none of which are known) the following picture emerges:

Since the complete consolidation of Soviet rule in Eastern Europe in 1948, the Hungarian refining industry has been reoriented to fit into the overall Soviet economic pattern. Capacity was further increased and reached an estimated 1,500,000 tons (15,200,000 barrels) in 1949; and perhaps 2,000,000 tons (19,000,000 barrels) by the end of 1952. A new refinery was built at Nagykanizsa (and/or at Pecs and Zalaegerszeg according to other reports) in southwestern Hungary. It is probably designed to use most of the production of the Zala fields, which averaged about 4,000,000 barrels during the last ten years. The remaining refineries, most of which are located along the Danube at Szöny, Almásfüzitö, the Budapest area, and Paks have switched to crude from Zistersdorf and other newly discovered fields in the Vienna Basin in Austria (the Austrian crude production was estimated as being between 2,000,000 and 3,000,000 tons or 15,200,000 and 22,800,000 barrels). The crude is transported one to two hundred miles to the refineries by Danube barges, while the refined products are transported back to Bratislava the same way; from there they are distributed by rail to Eastern Germany, Czechoslovakia, and even Poland.

The newly built plants usually include catalytic cracking units but the refining industry seems still unable to meet the country's increased lubricating oil needs.

light, airy workroom, orderly and very clean. Since the liberation 90 per cent of the old machines[1] have been replaced, and instead of the obsolete, noisy machines the workers run efficient, up to date machines of a new make provided with protective devices. 466 [178]

Ferenc Gérgely and his fellow workers are almost without exception enthusiastic supporters of the movement which provides that workers working on the same machine, including the workers of the various shifts, are jointly responsible for the maintenance, cleaning and expert handling of the machine. This movement is called "the socialist protection of the machines." One can work faster and more easily on a carefully tended machine, which means that one can also earn more. The machines, the tools, the factory no longer belong to big business but to the state of the working people. The workers know this, and that is why they handle them so carefully.

Ferenc Gergely works easily and quickly. He is helped not only by the machine but by many other factors aiding and inspiring him. First of all, he always knows exactly what he has to do. The days are past when the foreman simply assigned him a case of round iron to cut in screw threads and returned half an hour later to tell him to put it aside, giving him something more urgent to do.

In the past senseless bustle and unsystematic management prevailed; now Ferenc Gergely and his fellow workers do their work according to exact plans made in advance. The workshop, the factory, all the industry, even the whole country works according to exact, systematic plans. Ferenc Gergely knows that he is producing turning lathes today and that he is to go on for another six or eight weeks or any other length of time producing turning lathes. He knows how many pieces of work he has to finish each day, each week or each month. He knows to a penny how much his earnings will be. He knows that if he can think up a clever trick, a good idea to make his own work faster and simpler he can earn more. This is not only 461

[1] [in the Csepel Ironworks -- Analyst]

When we give a short account of the record of Hungarian social policy, it must be pointed out that the same consistent social spirit prompted the passing of new laws, reforms and other regulations, and the establishment of new institutions. It was through no fault of the Government that the development was not continuous, and temporary interruptions impeded its progress. These were caused by the above-mentioned political and social events. In the beginning, when the Hungarian state had to be reorganized out of almost nothing, the execution of the Government's plans was hindered by poverty, stagnation of production and by inflation. In spite of all these obstacles the Government put through the Land Reform Bill of 1920. After consolidating the affairs of the state, the second stage of social progress arrived, which lasted until 1931. During this period the rate of progress was significant. This stage was marked by rapid economic growth and industrialization. Hungary was then able to eliminate most of the differences which existed between her social legislation and that of the more advanced European nations. The third stage of development could be entered upon only after the second international control of our finances came to an end in 1938. This stage was one of innovations.

It was a salient feature of Hungarian social policy that it was always co-ordinated with the actual productive capacity of the country. Laws which could not be carried out were never enacted. The social policy of the state avoided bringing the country to the brink of bankruptcy, as for instance was the case in Czecho-Slovakia, where there was no harmony between the social and economic programme of the country. At the time of that Republic's dissolution, the consequence of this lack of harmony was